US Army Corps of Engineers
Northwestern Division

# Operations Division

# Direct Funding Versus Appropriated Funding

**Federal Hydropower Tri-Agency Meeting**

**10-11 October 2001 Kansas City, Missouri**

***Team Operations: The Pre-Eminent Stewards of Entrusted Resources***

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# Appropriated Funding

Advantage:

- Routine Established
  - Supported system
  - PMA pays later
- Tie to Congress
  - Regional support
  - Broad scope
  - Financial security

Disadvantage:

- Long Budget Cycle
  - Must predict needs
  - PMA lacks input
- Politically Variable
  - Outside influences
  - Disconnects
  - Past under-funding

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# Appropriated Funding

Advantage:

- Large scale programs
  - Intangible benefits
  - Helps economy
- Congress Unlimited
  - Can change focus
  - Can change trends

Disadvantage:

- PMA pays Treasury
  - May be non-power
  - O&M work grows
- Historically Limited
  - Cost focus
  - Declining funds

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# Direct Funding

Advantages:

- Timely funding
  - No late budgets
- Responsive
  - O&M and Capital
- Long range budgets
  - Locked in 5 yrs

Disadvantages:

- Cash flow change
  - Burden on PMA
- Income dependent
  - New processes
- New justifications
  - Burden on PMA

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# Direct Funding

Advantages:

- Pays Joint Use costs
  - Can be high
  - Includes Capital costs
- Environmental costs
  - No dilution of budget
  - Regionally responsive

Disadvantages:

- Need appropriations
  - Double books
  - Revenue dependent
- Burden on PMA
  - Program growth
  - Higher expectations

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# Appropriated Funding

Not what it could be:

- Cost centered and arbitrary budget levels.
- Too slow to respond to sudden needs.
- Low capital investment levels.

Generation asset condition has suffered.

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# Direct Funding

If the revenues are there, it's great:

- Revenue centered budgeting approach.
- Very responsive to needs.
- Higher capital investment levels.

Revenues improve as asset conditions do.

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## What have we missed?

*Team Operations: The Pre-Eminent Stewards of Entrusted Resources*